We dedicate this issue of the CH2M HILL Sustainability Report to a beloved luminary of CH2M HILL. The late Ralph Peterson, chief executive officer through 2008, passionately loved CH2M HILL and its clients, whom he viewed as a community of people engaged in meaningful and essential work. As an early and articulate champion of sustainability, he would have been more proud than anyone of the accomplishments described in the pages of this report.
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Art by Linda Gass
Throughout this report, we reflect on the interrelated global issues of water, energy, climate, and land use that both our clients and our company face today. This fascinating theme guided our selection of “Sanitary?,” a stitched painting on silk created by California artist Linda Gass, to help illustrate this report.

The art shows an aerial view of a landfill operating amidst saltwater marshes. While landfills and marshes represent complex systems in themselves, their juxtaposition represents the interdependence of natural and human systems. The art also highlights the challenge of simultaneously protecting water resources and meeting the needs of a populous metropolitan area. The rich colors and intricate details suggest the delicate balance required to sustain all life and provide a healthy and prosperous future for generations to come.

To learn more about the artist and her work, visit www.lindagass.com
Message from Senior Leadership

Around the world, a host of converging sustainability issues is changing the natural world, the built environment, and the way we live on Earth, often in significant ways. At no other time has it been clearer that energy, water, climate change, and land development are intertwined. One might even say that these issues have introduced an era of complex change, in which nothing stays the same and everything is connected.

While the risks associated with these issues pose challenges to our clients, they also create opportunities for CH2M HILL to offer practical and innovative solutions.

Energy—Energy management and renewable energy sources are experiencing robust growth, driven by factors such as volatility in energy prices, increasing global demand, and economic uncertainty. The relationship among energy consumption, greenhouse gas (GHG) emissions, and climate change has focused investment in carbon capture, storage, and sequestration technologies. In response, we are investing in further growth of our expertise in these areas.

Water—The effects of climate change are expected to exacerbate water supply, stormwater management, and sanitation issues on every continent. Our water experts are working with clients to develop proactive climate adaptation strategies in these three areas. At the design level, we are integrating sustainability into water and wastewater treatment facilities—applying green building approaches, water reuse strategies, onsite stormwater management, and protocols for estimating and monitoring GHG emissions.

Climate change—With GHG regulations on legislative dockets throughout the world and updated emission forecasts showing accelerated impacts, climate change is a top issue facing our industry. While a high volume of business related to GHG management and climate adaptation is not yet at hand, we expect a sea change as more legislation is passed. In preparation, we are keeping pace with the latest findings and have developed specialized expertise to conduct GHG inventories, devise mitigation and adaptation strategies, and prepare clients for regulated carbon markets.

Land development and planning—Multiple trends are affecting land development: rising public interest in improving “green” practices and quality of life; cities competing globally for business and talented citizens; land-use decisions affecting energy consumption and climate; and “ecosystem services” providing value to infrastructure systems and human health. Our people are finding ways to quantify the value of ecosystem services; creating tools for sustainable master planning; and designing sustainable transportation, storm water management systems, and green buildings.
While the scope and complexity of these challenges can be daunting, there is tremendous—perhaps unprecedented—motivation for innovation and positive change. We are committed to providing the leadership and action to enhance the sustainability of our own organization and the clients and communities we serve. Accordingly, we continue to support the United Nations Global Compact principles, the World Business Council for Sustainable Development, Water For People, Engineers Without Borders-USA, and many other organizations that are advancing sustainable solutions in diverse settings.

Our planet and humanity are dealing with many issues. However, in our opinion, the most critical are the interconnected issues of water, energy, climate change, and land development. Our company’s strategy is to focus at the nexus of these. Around the world our customers are dealing with these issues and, together, we’re learning to think and work in new ways.

“I’ve been watching a new debate emerging, which asks whether the environment is now driving the world’s economy. I don’t think it is—yet—but there are several major environmental issues facing the planet and humanity. How do we adapt to the new carbon economy? How should we design water and energy systems, and develop land differently? It’s an exciting time to be creating new solutions, and we’re right in the middle of it.”

— Lee McIntire
Chief Executive Officer
CH2M HILL
About This Report
As a leader in the industry and one of the first engineering and construction companies to publish a sustainability report in 2005, CH2M HILL continues a tradition of excellence and transparency in reporting on internal operations related to sustainability. Our goal is to both manage the impacts of our own operations and apply our company’s portfolio of services to help our clients’ organizations become more sustainable —whether dealing in master planning, land use, program management, water, wastewater, environmental work, energy, transportation, industrial systems, ecosystems, or waste management.

Commitment to the United Nations Global Compact
As a signatory to the United Nations (UN) Global Compact, the firm has ensured that our business policies incorporate and support the ten Global Compact Principles, as shown in the summary at the back of this report. CH2M HILL’s board supports our actions to uphold sustainability goals and endorses the plans described in this report. This report also serves as our 2009 Global Compact Communication on Progress report. For more information about the UN Global Compact, visit www.unglobalcompact.org.

A summary of CH2M HILL sustainability performance indicators is included at the back of this report.

Conformance with the Global Reporting Initiative
We continue to use the Global Reporting Initiative (GRI) indicators because they constitute a familiar, globally accepted standard for reporting to our stakeholders. In some cases, we have adjusted our reporting approach to better reflect CH2M HILL’s business model and the way we work. In all cases, we respond to the spirit of the GRI indicators and provide a transparent view of both our achievements and our shortcomings. The indicators included in this report were selected because they apply to our business in a meaningful way and represent areas where we have an effect on the world. For a full explanation of the GRI guidelines, visit www.globalreporting.org

Scope
CH2M HILL is composed of multiple legal entities around the globe. This report covers the business operations and activities of CH2M HILL Companies, Ltd. and its subsidiaries, minus joint ventures, unless otherwise noted. The primary subsidiaries of CH2M HILL Companies, Ltd. contributing to the content reported within the 2009 Sustainability Report are:

CH2M HILL, INC. (INC)
CH2M HILL Canada Limited (Canada LTD)
CH2M HILL Engineers, Inc. (Formerly IDC Architects)
LG Constructors, Inc. (LG)
Operations Management International, Inc. (OMI)
CH2M HILL Energy, Ltd. (formerly VECO and Trigon)
CH2M HILL Constructors, Inc. (CCI)

This 2009 Sustainability Report focuses on activities and performance from the calendar years 2007 and 2008. Additional, historic data are included as appropriate and available to demonstrate trends. Forward-looking statements for 2009 and beyond are provided to indicate our goals in helping create a sustainable future.

Unless otherwise noted, all monetary references are in U.S. dollars. Throughout the report, “tonne” refers to metric tons.
Meet CH2M HILL

CH2M HILL is an employee-owned company delivering consulting, program management, design, construction, and operations solutions for private and public clients, locally and globally. Headquartered in Denver, Colorado, USA, at the end of 2008 CH2M HILL employed 22,866 personnel in nearly 200 offices around the world and generated approximately US$5.6 billion in annual revenue.

CH2M HILL is an industry leader in sustainability and project and program management, widely regarded for delivering high-quality work using integrated, collaborative approaches. During 2007 and 2008, the firm won 246 awards for design innovation, health and safety practices, diversity and small business support, and other quality-related accomplishments.

Improving Company Effects on Sustainability

Our company’s effects on the environment, people, and the economy result from two distinctly separate spheres of activity: the conduct of our internal operations (facilities, fleet, procurement, and other functions) and the delivery of client projects.

Internal Operations

The environmental effects of our internal operations are managed primarily through environmental management system (EMS) programs based on International Organization for Standardization (ISO) 14001 guidelines. Currently, CH2M HILL has established formal EMS programs in North America, Spain, and Australia. The North American EMS serves as the focal point of this report, because it encompasses our corporate headquarters in Denver, Colorado, USA, 135 offices, and approximately 80 percent of our employees. The North American EMS team includes members from each major administrative unit within the company and reports to an executive sponsor.

Since 2007, we have significantly reduced paper use and progressed on many other sustainability goals, as listed in the CH2M HILL Indicators and Forecasting sections of this report. The process is collaborative, based on the premise that sustainability is an integrated activity, rather than a separate function. The EMS team uses the ISO 14001 process to set goals at the beginning of the year, document progress, and assess performance at regular intervals. One continuing challenge is to manage our environmental impacts within the context of leased office spaces, where direct measurement is difficult and improvement depends on the cooperation of property managers. Meeting these challenges in a collaborative way—within CH2M HILL, with our vendors, and in the communities where we work—fosters lively discussions and helps create new agreements that further the sustainability of our operations.
Client Project Delivery

Since 1995, CH2M HILL has pursued the sustainable solutions market through our corporate Sustainable Solutions team, whose mission is to facilitate the integration of sustainability into business strategy and project solutions. The team is drawn from a cross-section of business units and operates under the executive operations and governance councils of the company.

While improving the sustainability of our own operations expresses our values, improving the sustainability of the projects we deliver for clients offers the potential to address global sustainability issues in a much more powerful way. In partnership with our clients, we can help reduce the energy and fuel consumption of major civil works and industrial facilities, curtail GHG emissions, optimize efficiency in manufacturing and other processes to reduce material resource consumption, redesign processes to eliminate the use of toxic or hazardous substances, restore damaged lands and ecosystems, find beneficial uses for waste, and revitalize urban areas.

In delivering these sustainable solutions, we also help generate positive financial metrics for our clients, act in accordance with the precautionary principle, and provide social benefits for the long run.

Our people are energized by these opportunities to make the world a better place. In the last decade, we have attracted and trained talented people who can offer expertise along the full spectrum of sustainable solutions – from organizational sustainability strategy and planning to natural water treatment, from GHG management to climate adaptation, from lean manufacturing to solar energy, and from green buildings to social impact analysis.

One of the primary challenges associated with the rapidly evolving market of sustainability is staying at the forefront of technical developments. We therefore invest in our people to attend courses, present papers, and participate in technical forums and professional committees such as the U.S. Environmental Protection Agency’s Sustainable Remediation Forum, and the U.S. Green Building Council (which oversees Leadership in Energy and Environmental Design [LEED®] accreditation). In addition, we collaborate with our clients to work within challenging design constraints and develop specialized technical solutions.

Future Outlook

Looking into the future, our approach is to embrace the prominence of energy, water, climate change, and land development issues and how each area relates to the others. In anticipating these issues, our biggest challenges are to accurately predict sustainability trends in a rapidly changing market, optimize our expertise and lessons learned from current and past projects, hire new staff as needed to keep our competitive edge, and invest appropriately in leading-edge technologies and tools.

Three additional factors influence our evolving business approach:

- First, sustainable solutions are system solutions that require highly integrated planning and delivery across technical disciplines.
- Second, information technology solutions are essential tools for monitoring and managing systems for sustainability impacts—in design, procurement, project management, construction, and operations.
- And third, the entry-level workforce is aware of and motivated by sustainability issues. As this generation enters the ranks of decision makers within client organizations, we can expect them to change project requirements to increasingly apply sustainable solutions.

The projects presented in this report illustrate the application of several emerging service areas, as well as integrated approaches to problem solving.
Environment

With climate change, population growth, and water and energy supply issues, the environmental effects of unsustainable practices are now a part of the day-to-day global dialogue.

Sustainability has become an integral part of many of our clients’ operations and decision-making processes. CH2M HILL is working with our clients to find simple, elegant solutions amidst complex issues. While water supply, energy needs, climate change, and land development are each leverage points in themselves, solutions that address all four aspects in tandem have the potential to create a multiplier effect, with greater sustainable returns over the long term.

In addressing the environmental footprint of our own operations, we are working for continuous improvement in, for example, reducing energy use and air travel.
Featured Project

Attention to Detail Leads to Sustainable Remediation at the Massachusetts Military Reservation
U.S. Air Force Center for Engineering and the Environment
Cape Cod, Massachusetts, USA

At the Massachusetts Military Reservation (MMR), every aspect of the project presented an opportunity to use less energy, generate less waste, emit fewer greenhouse gas emissions, and protect more of the local environment. MMR is one of the U.S. Department of Defense’s largest and most complex cleanup sites.

Environmental sustainability is paramount to MMR’s remediation program. Located on Upper Cape Cod, the 8,900-hectare (22,000-acre) site is situated over the recharge area for the Sagamore Lens aquifer, the primary source of drinking water for the area’s residents.

The CH2M HILL team examined the full spectrum of MMR’s remediation program and streamlined everything from monitoring and analytical procedures, to pumping strategies and alternative technologies. The unexpected benefit is that many of the cost-saving remedial process optimization strategies are also environmentally sound.

Passive, no-purge techniques are used to collect over 90 percent of the long-term monitoring samples, which significantly reduces sampling-related waste; the labor hours needed for sampling, decontaminations, and purge-water management; and fuel required for sampling activities (fewer vehicles are needed to transport equipment and no generators are required).

Using an Air Force-owned, direct-push drill rig significantly reduces data collection costs and environmental impacts compared to standard drilling techniques.

An innovative, 111-square-meter (1,200-square foot), zero-valent iron geochemical barrier is used to improve the ecological health of a nearby pond. The barrier passively removes approximately 67 percent of the phosphorus from a wastewater plume that discharges into the pond. CH2M HILL monitors the health of the pond and reports successes annually.

CH2M HILL and AFCEE also completed a detailed sustainability impact analysis at the CS-10 site. The analysis helped the Air Force quantify the life-cycle impacts of continued groundwater pump-and-treat systems on energy use, GHG emissions, and collateral risks to site workers compared to impacts from long-term monitoring with land use controls. Based in part on the CS-10 work, several leading organizations in the remediation industry are collaborating on how to integrate these types of results into future remediation projects.

To date, the optimization and sustainability efforts at MMR have reduced the estimated remediation cost by almost US$200 million. Energy-saving initiatives range from eliminating winter heating by relying on warm water flowing through the treatment plants, to installing variable frequency drives, to enrolling in a demand response program. The total reduction in carbon dioxide (CO2) emissions is estimated at 4,100 tonnes (4,500 tons) per year. Visit www.mmr.org for additional optimization details.

How Clean is the Plume Discharge? Ask the Cranberries

Cranberries are serious business—especially on Cape Cod, where the native wetland plant is part of a US$137 million industry in Massachusetts. Because some of the MMR plumes discharge into waters that feed cranberry bogs, the CH2M HILL team tested local cranberries to ensure plume wastewater was not harming the crops. The health (and marketability) of the cranberries depends on the cleanliness of the bog water.

Cranberries were sampled from pre-harvest (dry) and harvest (wet) conditions and tested using the U.S. Environmental Protection Agency’s selected ion monitoring method; no detectable concentrations of the target analytes were found. To ensure future crops remain marketable, surface water and groundwater data will be used to determine the viability of the bogs around MMR.

Featured Project

New Water Reclamation Technology at Broad Run

Broad Run Water Reclamation Facility
Ashburn, Virginia, USA

A new standard in water reclamation technology is radically changing conventional wastewater practices. After a 10-year partnership, Loudoun Water and CH2M HILL successfully implemented a new reclamation process that produces fewer solids in a smaller footprint with fewer unit processes, creates less of an environmental impact, and is cost effective.

The US$190 million state-of-the-art Broad Run Water Reclamation Facility (WRF) combines complex treatment plant construction and automated operation to produce the highest quality reclaimed water: it meets the most stringent water reuse standards in the world, while providing a new model for future reuse plants.

The WRF’s membrane bioreactor, granular activated carbon, ultraviolet (MBR-GAC-UV) disinfection process represents the latest technology in treating wastewater to meet reuse standards. In fact, the MBR technology is capable of removing a wide range of pathogens, and GAC removes biological and chemical nutrients to never-before-achieved levels; this produces reclaimed water that protects receiving waters from a damaging abundance of nutrients that promotes algae growth and depletes oxygen in shallow waters.

The MBR-GAC-UV disinfection used at the Broad Run WRF is the first large-scale application of this technology in the world.

The comprehensive, integrated approach considers all environmental media:

- Treatment processes are enclosed in buildings for complete noise and odor control.
- Odors are removed without chemicals; odorous air is collected in a buried high-density polyethylene pipe system and conveyed to a central biofilter.
- Stormwater bioretention and rain gardens are used to further protect the quality of adjacent water bodies.
- Loudoun Water plans to use its reclaimed water for irrigation and cooling water on neighboring properties.

The Broad Run WRF project has exceeded owner expectations for budget, schedule, plant performance, and acceptance by the community and was recognized by the American Academy of Environmental Engineers during the 2009 Excellence in Engineering competition.
Warm Storage Reduces Fuel Costs and Emissions at North Slope Operations

In Alaska, USA, extreme winter conditions during 7 months of the year expose vehicles and equipment to unique stresses. At CH2M HILL’s North Slope operations in Prudhoe Bay, we provide fluid hauling, drilling services, and equipment maintenance for multiple oil and gas industry clients. With winter temperatures consistently between -23 and -28 degrees Celsius (-10 and -20 degrees Fahrenheit), engines must run on constant high idle to remain functional. This practice wastes fuel and money and elevates GHG emissions.

To reduce environmental impacts, we developed a plan in 2008 to eliminate the need for idling. In 2009, we invested US$4 million to build two 2,000-square-meter (21,000-square-foot) membrane buildings for the warm storage of vehicles and equipment. Air-tight insulation keeps the buildings at 4 degrees Celsius (40 degrees Fahrenheit). This will save approximately 3.2 million liters ($850,000 gallons) of ultra-low-sulfate diesel fuel per year, significantly reduce GHG emissions by 8,600 tonnes (9,500 tons) of CO2 per year, and reduce maintenance costs by US$300,000, based on engine hour reductions. Employees also benefit from a safer work environment due to the added warmth.

John Mogge, Ph.D.
Business Development and Planning Director, Environmental Services Business Group

Based in Tampa, Florida, USA, John Mogge is a principal program manager and registered architect who has over 30 years of experience planning and designing transportation, environmental, and infrastructure systems. He also served on the Urban Land Institute’s Sustainability Council and has managed LEED-certifiable construction and renovation projects at the Silver and Platinum levels.

“Sustainability provides a powerful framework for planning, developing, managing, remediating, and restoring land assets for all types of landowners,” said John. “Through the principles of sustainability, we can define the big picture, ask the hard questions, and ultimately define solutions that last and deliver significant life-cycle value for our clients. In terms of land management, this often means helping clients understand the implicit value of their assets, which is derived from the ecosystem services that the land provides, such as cleaning our air, providing habitats, or providing the capability to store water.”

Being a Good—and Green—Neighbor in Africa

Sierra Leone’s privately owned water pipeline is a true lifeline; not only does it supply water, but locals also build huts over it, sleep on it, and otherwise use it to find respite from West Africa’s extreme heat. Unfortunately, this water is often rationed, which has threatened the functionality of the U.S. Embassy in Freetown.

To comply with U.S. federal conservation and sustainability requirements, the embassy was looking to reduce dependence on the local water grid and procure and treat its own potable water. CH2M HILL’s feasibility study recommended a rainwater capture and water reuse system for the embassy, which included updating the U.S. Department of State (DOS) Overseas Buildings Operations building code supplements and specifications to support cleaning rainwater for use as potable water and treating wastewater for irrigation—a project that received DOS endorsement and is now in design. The DOS sees this project as an example for other embassies to reduce reliance on host nation resources and to be as responsible—and as green—as possible.

Water is a precious commodity in West Africa. During periods of rationing, local people capture surface water from any available source. By getting off the grid, the U.S. Embassy frees up valuable water for use by the residents of Sierra Leone.
CH2M HILL Environmental Indicators and Forecasting

To illustrate how we are reducing CH2M HILL's environmental footprint across our office operations, this section presents progress in the following areas:

- Environmental management
- Paper consumption
- Recycling
- Environmental procurement
- Facility energy use
- Business travel
- Environmental compliance

Environmental Management

CH2M HILL's environmental performance in North America, Australia, and Spain and is managed, monitored, and improved through our formal EMS programs. Throughout the world, environmental stewardship is encouraged and championed by informal Green Teams that address sustainability issues in their offices and communities.

North American EMS: Since 2005, the North American EMS team has worked toward continuous improvement throughout our operations. The North American office EMS includes annual targets for performance, as well as procedures for day-to-day operations, such as videoconferencing in lieu of travel and “greening” meetings by using durable dinnerware and providing pitchers of water instead of bottled water. Most of the data in this Environmental Reporting and Forecasting section presents the company’s performance against targets set for the ISO 14001 compliant North American EMS through 2008. Our 2009 targets are presented to illustrate how we plan to manage our environmental program in the future.

Australia EMS: The ISO 14001 compliant Australian EMS (certified September 2007) implements policies to reduce and recycle paper and electronic waste, reduce energy use, and identify and manage project environmental impacts. Within a year, recycled paper content increased from minimal to 53 percent of all consumed. Australia also conducted a baseline study of GHG impacts of non-project operations in 2008 as a basis for future improvements. The main sources of GHG impacts were electricity (30 percent), rental cars (15 percent), and domestic flights (53 percent).

Spain EMS: The Madrid, Spain, office EMS, which has been certified as ISO 14001 compliant for the past 11 years, includes sound environmental practices at our facilities and on our projects. At the facilities level, the EMS calls for paper use reductions and recycling, use of rechargeable batteries, appropriate management and disposal of hazardous and electronic wastes, and minimized consumption of energy and other resources. From 2007 to 2008, paper consumption dropped by 35 percent as a result of the EMS team’s efforts. Project managers and subcontractors must implement CH2M HILL Spain’s environmental requirements on our projects, and compliance inspections are conducted regularly.

Building on the success of the Madrid office EMS, CH2M HILL is developing an overall sustainability strategy for our European region. The strategy will provide the tools and encouragement to begin informal EMS programs and will result in a European EMS that can be adapted to individual offices, cultures, and circumstances. Development is now proceeding in Ireland and Italy.

2009 EMS Targets: CH2M HILL North American Office Operations

MATERIALS AND EQUIPMENT

- Decrease paper use per person by 10%
- Expand eWaste recycling program to 90% of North American offices
- Establish environmental procurement criteria for 55% of all enterprise agreements
- Increase recycled paper purchasing rate to 77%
- Increase rating of sustainable finishes in new real estate projects or remodels of existing spaces to 77%, using the Real Estate Sustainability rating sheet
- Increase rating of sustainability criteria for new CH2M HILL sites to 70%, using the Real Estate Sustainability rating sheet

ENERGY

- Reduce total electricity use by 5% on the headquarters campus
- Purchase wind power equivalent to 10% of the total electricity consumption on the headquarters campus

TRAVEL AND TRANSPORTATION

- Reduce leased footprint by 5% based on square footage through teleworking and mobile workforce development
- Increase full- and part-time teleworkers by 20%
- Reduce greenhouse gas impacts of overhead travel by 50%
Materials and Resources

Paper Consumption

As a service-based business that depends on paper for countless communications, business proposals, and client deliverables, paper is a fitting symbol for CH2M HILL's materials consumption. Paper consumption includes primarily white paper for use in copiers and printers, purchased through a national master contract. These purchases represent approximately 80 percent of the total paper consumption in the North American offices. The remaining 20 percent is obtained from myriad regional and local vendors and is not tracked systematically for reporting.

Even though CH2M HILL has added thousands of staff members in the last 2 years, our overall paper use and per-person paper consumption have decreased dramatically. In 2007, the EMS team set a target of a 5 percent per-person reduction (about one less ream of paper per employee). By 2008, paper consumption had dropped by six reams per employee, representing a 21 percent per-person reduction that far exceeded the EMS target.

Recycled Paper Purchased (North America)

<table>
<thead>
<tr>
<th>Year</th>
<th>Without Recycled Content (%)</th>
<th>Recycled Content (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>63%</td>
<td>37%</td>
</tr>
<tr>
<td>2006</td>
<td>67%</td>
<td>33%</td>
</tr>
<tr>
<td>2007</td>
<td>73%</td>
<td>27%</td>
</tr>
<tr>
<td>2008</td>
<td>70%</td>
<td>30%</td>
</tr>
</tbody>
</table>

Recycled Fiber by Weight (North America)

<table>
<thead>
<tr>
<th>Year</th>
<th>Virgin paper fiber (Tons)</th>
<th>Recycled paper fiber (Tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>81 (89)</td>
<td>100 (110)</td>
</tr>
<tr>
<td>2006</td>
<td>100 (110)</td>
<td>115 (127)</td>
</tr>
<tr>
<td>2007</td>
<td>109 (120)</td>
<td>115 (127)</td>
</tr>
<tr>
<td>2008</td>
<td>109 (120)</td>
<td>109 (120)</td>
</tr>
</tbody>
</table>

CH2M HILL Per Person Paper Use Trend (North America)

<table>
<thead>
<tr>
<th>Year</th>
<th>Average reams per person</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>19.4</td>
</tr>
<tr>
<td>2006</td>
<td>18.9</td>
</tr>
<tr>
<td>2007</td>
<td>17.4</td>
</tr>
<tr>
<td>2008</td>
<td>13.6</td>
</tr>
</tbody>
</table>

Negative Environmental Impacts Avoided through our Sustainability Program in 2008

If we had not reduced per-person paper usage by 21 percent in 2008, we would have used 740 tonnes (816 tons) of paper instead of the actual 582 tonnes (642 tons). The difference in performance provided the following benefits:

- Emitted 412 tonnes (454 tons) less of CO₂ equivalent
- = 82 cars per year off the road
- Used 6,357 GJ (6,025 million British Thermal Units [BTUs]) less total energy
- = 66 homes powered for a year
- Generated 11.3 million liters (3.0 million gallons) less wastewater
- = 5 Olympic-sized swimming pools

Notes:
- Environmental impact estimates were made using the Environmental Defense Fund Paper Calculator, which is based on research done by the Paper Task Force, a peer-reviewed study of the lifecycle environmental impacts of paper production and disposal. For more information visit http://www.papercalculator.org.

Less Paper Used as CH2M HILL Grows

<table>
<thead>
<tr>
<th>Year</th>
<th>Paper Used (Tons)</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>601 (662)</td>
<td>21,217</td>
</tr>
<tr>
<td>2008</td>
<td>582 (642)</td>
<td>22,866</td>
</tr>
</tbody>
</table>

Notes:
- 2005 to 2007 information includes CH2M HILL Inc., in the U.S., Canada LTD, CCI, and LG. OMI is not included because most paper purchases occur through direct client contracts
- 2008 includes new Energy Business paper use (formerly VECO)
- *EPA estimates average per-person paper usage for an office setting is 20 reams per year (10,000 sheets).

EMS Communications Win Two National Awards

CH2M HILL’s North American EMS team won a Gold Award from the League of American Communications Professionals’ (LACP) 2008 Inspire Awards Competition for internal and employee communications. The team also received an Award for Publications Excellence from the Business Communications Report.

EMS manager Brandy Wilson explained the team’s approach: “Our philosophy is to create communications that are fun, not preachy, in an effort to build awareness and promote environmental responsibility. We recruited employees to be the models in our materials so they were directly involved in the process.”

Recycling

Recycling is a key element of our corporate culture: 92 percent of our offices have formal recycling programs for general items such as paper, aluminum, and glass, and 97 percent have materials reuse programs. Our offices and our employees are all aware of our goal to expand our “Reduce, Recycle, and Reuse” program wherever possible. Electronics waste recycling presents a large problem on a global level and a business concern from a security perspective. In 2007, we identified GreenDisk as a vendor that could provide secure, documented, trackable data destruction and appropriate recycling or disposal of computer components and accessories. For large electronic components, Dell’s Asset Recovery Service provides secure and environmentally sensitive disposal, and pays us a percentage of the residual market value. LaserCycle and OfficeMax recycle our toner cartridges.

Gurus of Green: Kevin Crader and Shani Wahl

Kevin Crader and Shani Wahl manage our North American recycling programs. Kevin focuses on electronic waste, or “TechnoTrash,” while Shani keeps records on and promotes programs for everything else from aluminum, to batteries, to paper.

Through our U.S.-wide TechnoTrash program, participating offices place bins in convenient locations where employees can dispose of small electronics and media, such as compact discs, cell phones, hardware, and other components. When the bins are full, our vendor GreenDisk collects and sorts the materials, destroys any information on media, prepares material for reuse if possible, and recycles the rest.

“Leading the TechnoTrash program is really important to me,” said Kevin. “I feel I’m making a difference not just at CH2M HILL, but in the world, because GreenDisk and our other vendors care responsibly for the electronic waste so it doesn’t end up affecting people and ecosystems elsewhere.”

Shani continuously works to make sure employees implement the office aspects of our facilities recycling programs, in cooperation with property managers and other tenants. She feels that our recycling program gives staff the chance to express environmental values at work.

“Seeing other people get excited about sustainability fires me up” said Shani. “I’m proud to do my part in reducing our environmental footprint to make a healthier world for the next generation, including my baby!”

Paper Use Drops Dramatically in 2 Years: How did we do it?

Between 2006 and 2008, our paper consumption dropped by six reams per person. Here’s how we made it happen:

Education: With a combination of catchy posters, intranet news stories, facts, and figures, we clearly communicated the need for reducing paper usage.

Duplexing: We aggressively pursued double-sided printing for internal documents and client deliverables.

Personal printing: This feature enables a printer to store documents until the user requests the job from the printer’s control panel. Personal printing helps reduce unclaimed print jobs, re-prints, and uncleared or unreported paper jams.

Print what you need: During spring 2007, our firmwide reprographics team issued guidelines encouraging people to use less paper and only request the copies that they need.

Recycling

Recycling is a key element of our corporate culture: 92 percent of our offices have formal recycling programs for general items such as paper, aluminum, and glass, and 97 percent have materials reuse programs. Our offices and our employees are all aware of our goal to expand our “Reduce, Recycle, and Reuse” program wherever possible. Electronics waste recycling presents a large problem on a global level and a business concern from a security perspective. In 2007, we identified GreenDisk as a vendor that could provide secure, documented, trackable data destruction and appropriate recycling or disposal of computer components and accessories. For large electronic components, Dell’s Asset Recovery Service provides secure and environmentally sensitive disposal, and pays us a percentage of the residual market value. LaserCycle and OfficeMax recycle our toner cartridges.

Total electronic waste recycled:
• 2007: 30,464 kilograms (67,161 pounds)
• 2008: 31,674 kilograms (69,830 pounds)
Environmental Procurement

Procurement provides a valuable leverage point for CH2M HILL to lessen the company’s environmental impact and influence vendors, and it is an area of greater focus since the last reporting period. Our starting point, in a highly complex system comprising thousands of vendor relationships, was the relatively manageable number of national agreements, primarily for office supplies and services in North America. In 2005, 18 percent of our national agreements included environmental criteria in our list of vendor requirements. By 2008, our efforts increased this number to 48 percent, and our dollars spent in green contracting exceeded those for standard contracts.

In 2009, the corporate procurement group adopted a policy to add environmental criteria to all contracts from this point forward. Therefore, the 2009 target is to add environmental criteria to 55 percent of enterprise-wide agreements, beyond just the North American contracts — an incremental approach to improving procurement performance that reflects the number of contracts expected to come up for renewal in 2009.

Facilities Energy Use

Headquarters Campus—Energy Use and Carbon Emissions

We operate the buildings at our LEED-certified headquarters campus, and we regularly assess our energy conservation practices. All the campus buildings feature water-efficient fixtures, motion sensors to control lighting, comprehensive recycling options, and use of recycled and local building materials.

We view energy conservation as an ongoing process. In November 2008, we took the following steps to improve the headquarters campus, which houses approximately 7 percent of all CH2M HILL employees:

- Re-lamped all 4-foot light fixtures with energy-efficient fluorescent lamps
- Installed motion sensors and occupancy sensors in conference rooms
- Installed additional energy-efficiency equipment on rooftop heating, ventilation, and air conditioning (HVAC) units (completed in January 2009)

Renewable energy continues to be part of the campus sustainability strategy. For 2009, we purchased wind energy equivalent to 10 percent of our campus energy usage through a contract with a local provider.
North American Facilities—Energy Use and Carbon Emissions

Beyond our headquarters facilities, we occupy leased office spaces and do not manage the buildings ourselves. This arrangement typically makes energy auditing and management difficult. Despite these challenges in our 135 North American offices, many energy-conscious employees, managers, and landlords are taking steps to reduce our carbon footprint.

Local CH2M HILL offices may choose to invest in renewable energy sources, such as wind, solar, and biomass. In 2007 and 2008, such purchases totaled approximately 360 GJ (150,300 kWh) per year.

In 2008, our senior leadership set the tone for supporting this initiative by purchasing renewable energy credits to offset 15 percent of our total North American electrical consumption. Renewable energy credits are produced by wind farms, biomass facilities, and other renewable energy projects that guarantee that part of the electricity we consume is replaced on the national power grid with clean power.

Business Travel

One of our largest carbon-reduction initiatives, begun in 2007, focuses on reducing business travel. CH2M HILL employees commute to work and travel to conduct both client and internal business—by personal vehicle, fleet and project vehicle, rental car, airplane, bus, train, ferry, subway, light rail, and bicycle, and on foot. In 2008, a baseline study of airline travel showed that employees flew 78,863,740 discretionary air kilometers (49,003,654 miles), emitting a total of 9,206 tonnes (10,148 tons) of CO₂ equivalent. This discretionary (overhead) travel represented roughly half of the total distance traveled by employees. For 2009, our EMS target is to offset 50 percent of the carbon from travel through travel reductions and by using videoconferencing instead of face-to-face meetings.

In addition, during 2007 and 2008, the following programs helped reduce CH2M HILL’s fuel consumption and air emissions associated with employee commuting:

**Flexible work schedules:** Employees can work full-time hours in fewer days and reduce the amount of commuting.

**Teleworking:** In addition to our existing full-time teleworking program, a part-time telework program was offered to employees in 2008 to promote office sharing, reduce facility size and commuting impacts, and support work-life balance. A mobile worker office was opened in downtown Seattle in October 2008.

**Pre-tax commuter incentives:** All U.S. employees have access to a program to use pre-tax dollars to pay for transit passes.

**Videoconferencing:** A full suite of videoconferencing and Web-based meeting technology was provided to all staff in 2007.

**Local travel incentives:** In 2008, the North American EMS established a formal network of employee transportation coordinators in large offices and offices located in areas that do not meet air quality standards. The coordinators work to connect employees with local or state agencies or local transportation management associations that offer commuter trip reduction or transit subsidy programs.
Environmental Compliance

Environmental Spills

CH2M HILL began using an online tool called the Hours and Incidents Tracking System (HITS) in 2007 for reporting and tracking spills and releases. The tool has provided valuable tracking and trending information across the enterprise. We continually provide training to increase awareness and usage of the tool, particularly as CH2M HILL expands. The business groups within CH2M HILL that are most involved with field work and handling hazardous substances are the heaviest users of the HITS system. Spills occurring from our subcontractors’ activities are also reported in HITS.

Approximately 60 spills were reported in HITS for 2007, and 70 spills in 2008. Of the spills and releases reported in HITS, none exceeded regulatory reporting thresholds in the United States for releases of hazardous substances.

The following are typical spills and releases recorded in HITS at CH2M HILL project sites:

• Equipment leaks, such as releases from couplers, clamps, valves, gaskets, flow meters, and pumps
• Hydraulic fluid releases from hoses, pipelines, and compressors
• Heavy equipment leaks, such as trucks or drill rigs releasing antifreeze, radiator coolant, transmission fluids, motor oil, or fuel
• Releases during vehicle loading and material dispensing operations
• Groundwater and sediment treatment system leaks

Most of the releases documented in HITS were small in volume and occurred on impervious surfaces, and many were within containment systems. These spills were cleaned up immediately. Root causes and contributing factors are noted in the HITS database and discussed by the project teams.

Compliance with Regulations

Environmental protection is a core value at CH2M HILL. Compliance with environmental laws and regulations is fundamental to this value and is our social responsibility wherever we operate. This commitment is embodied in our “Target Zero” philosophy, which includes a target of zero environmental-compliance and safety violations from CH2M HILL operations.

Our environmental performance in 2007 and 2008 was exceptional, particularly in light of the variety and complexity of projects we deliver. During this period, CH2M HILL was only assessed the following fines and penalties for noncompliance:

• $3,600 to the Tennessee Department of Environment and Conservation Division of Water Supply for failure to properly maintain documentation of disinfection and other activities of depressurized water line repairs.
• $960 to the California South Coast Air Quality Management District for a subcontractor operating a portable 37,000–watt (50-horsepower [Hp]) engine without an air permit.

We will continue to aim for Target Zero, learn from our mistakes, and work to eliminate all noncompliance incidents, as well as fines and penalties.
Society

If the goal of sustainability is to deliver a healthy planet into the hands of future generations, the social aspect of sustainability is an essential dimension for action. At the global level, increased population growth and urbanization are putting added pressure on the environment. At the same time, heightened public awareness has led to a proliferation of sustainability organizations to address climate change issues. We are seeing unprecedented levels of volunteerism and personal engagement with the issues, both within our own ranks and in the communities where we work.

As a corporation, we support the social well-being of communities in developing parts of the world through nonprofit organizations such as Water For People and Engineers Without Borders-USA (see pages 30 and 31). As part of our consulting work, we are helping communities around the globe identify forward-looking, low-impact ways to plan and construct infrastructure and meet natural resource needs. In particular, we observe the emergence of high-stakes social issues related to water supply and drought. Some of our most rewarding projects are in helping these distressed communities work through conflicting agendas and bewildering technical options.
Featured Project

Solar Mapping Helps Citizens Adopt Sustainable Energy

What would it cost to install solar power at your home or business? Would it be worth the investment, and who could install it for you? To help take the legwork out of such questions, CH2M HILL has developed the Solar Mapping tool, now up and running in eight cities, with four more to be launched by the end of 2009.

The U.S. Department of Energy selected CH2M HILL to help 25 U.S. cities accelerate the adoption of solar energy through the Solar America Cities Program. CH2M HILL partners with many of these cities to develop a solar map and host it on an Internet-based solar portal. From this portal, residents and building owners can:

• Log on and view their rooftops
• Calculate the available area for solar panels
• Estimate the solar energy that could be generated
• Estimate potential electricity cost reductions
• Mock up solar panel placement
• Estimate GHG emission reductions
• Choose from a listing of available installers
• See which neighbors have adopted solar energy
• Get information on tax rebates

All this, without a visit to the roof!

San Francisco, California, is one of the progressive cities using the Solar Mapping solution. With a target of 10,000 systems installed by 2010, the city’s annual energy bill savings will be over US$7 million and annual carbon emissions will be reduced by more than 20,400 tonnes (22,500 tons)—the equivalent of taking 3,516 vehicles off the road for a year.

According to CH2M HILL’s Dave Herrmann, “The Solar Mapping tool gives these cities the ability to harness solar energy faster—we essentially create faster paths to adoption, city by city, and rooftop by rooftop. We’re excited to be one of the companies driving America’s conversion to new sources of energy.”

John Hoffner
Senior Client Services/Project Manager Renewable Energy

With more than two decades in the solar energy field, John Hoffner knows a thing or two about alternative energy solutions. “I’ve been working in solar cells and solar technology for 25 years, and I feel that it has really taken off, just in the last year,” John said. “The prices have come down and clients are more aware of solar and renewable energy solutions and want to work them into their projects.”

John, who’s based in our Austin, Texas office, takes that message to the airwaves during his weekly “Shades of Green” program on community-based radio station KOOP. As a volunteer, John, with his co-hosts, showcases the latest in sustainability, renewable energy, and green building practices.

“Everyone has to do their part to make renewable energy a way of life,” he said. “It’s not just up to governments and businesses; it’s up to each individual.”
Under contract to the Louisiana Department of Natural Resources, CH2M HILL partnered with the Office of Coastal Protection and Restoration to design a system that will divert 2,500 to 5,000 million liters per day (650 to 1,300 million gallons per day) of fresh water from the Mississippi River into Bayou Lafourche. The first phase will improve channel capacity within the first 10 kilometers (6 miles) by removing a significant wedge of flow-blocking sediment. A key project element involved examining property issues on behalf of the state and communicating those findings to the local citizens, many of whom owned land that would be affected by the project.

Located along the Mississippi River, Bayou Lafourche was influential in the commercial and residential development of the surrounding area. When the river’s distributaries flooded, they delivered sediment that helped build the bayou’s marshes. However, as river navigation needs changed and greater flood control was required, the U.S. federal government altered the river system’s course with dams and levees. Since 1904, Bayou Lafourche has been disconnected from the river by a flood-control dam. Consequently, tidal intrusion in the bayou increased, wetlands deteriorated, and the supply of fresh water diminished. Today, this causes pronounced repercussions for the more than 300,000 area residents.

To verify the bayou’s original position or “footprint,” CH2M HILL researched the historic path of the bayou. After analyzing bayou cross sections and stage recordings from 1890 to present, the team determined the historic mean low water and mean high water locations adjacent to Bayou Lafourche. This enabled the Louisiana authority to assess state boundaries relative to the project’s construction and future maintenance requirements. Originally, the community members were resistant to a plan that would allow the state to reclaim bayou land they believed to be privately owned. However, after a series of public meetings at which the research findings were presented, the state was able to establish its rights to the bayou and gain the support of the local community.

Diverting river water into the bayou will reduce saltwater intrusion, help protect marshes, and provide additional potable water to residents. As the project enters the construction phase, we are considering new technologies and sustainable energy for the pump station design.

Kathy Freas, Ph.D.
Global Water Resources and Ecosystem Services Director
Kathy Freas is responsible for ensuring that CH2M HILL offers the water community the most innovative approaches, people, processes, and tools to help resolve water management challenges, including ecosystem restoration.

“The integrated services of our water resources and ecosystem management team are ideally suited for the Bayou Lafourche project where an understanding of the ecological system, hydraulics, and conveyance is critical to the restoration process,” said Kathy. “This combination of science and engineering provides the expertise to mimic and support the physical and chemical processes that create these ecosystems. The key is to do so in a much shorter period and with fewer resources than natural systems typically require—and time is of the essence to restore these systems before they are lost forever.

“The big question is how do we manage the water and resources for both people and the environment? I am proud to be part of a team that helps clients provide integrated, sustainable solutions that affect the well-being of so many people and ecosystem resources.”
The technical support CH2M HILL provides includes evaluating the feasibility of innovative sustainable designs and practices within the ODA’s six key elements—minimizing carbon emissions, optimizing water efficiency, reducing waste / maximizing material reuse and recycling during construction, employing environmentally and socially responsible materials, protecting the biodiversity of the Lower Lea Valley, and minimizing adverse impacts—to the surrounding environment. For instance, as part of the improvements to the overall area, the canal system has been upgraded and is being used to transport materials onsite and waste offsite—this helps reduce carbon emissions, avoids construction-related traffic congestion, and minimizes adverse impacts to the surrounding environment.

Walking the Sustainability Talk
For more than 20 years, CH2M HILL has operated and maintained the Paul R. Noland Wastewater Treatment Plant (WWTP) for the City of Fayetteville, Arkansas, USA. The plant staff is always looking for ways to improve operations. In 2006, the concept of sustainability sparked a whole new set of ideas.

Since 2006, the onsite sustainability team’s greening initiatives have included using innovative cleaning technology to reintroduce wastewater into the watershed, reusing vegetable and waste oil, reducing vehicle emissions by using bicycles and tricycles on facility grounds, and promoting aggressive recycling and conservation policies.

The sustainability team’s plan for 2009 includes working toward achieving LEED Existing Building Operation and Maintenance certification for the administration building and expanding the Noland Wildlife Habitat Improvement Program (WHIP) to provide ecosystem restoration, increase quail habitat, improve access for public viewing, and reduce areas dominated by invasive plant species. WHIP, underway for 15 years, has transformed the surrounding WWTP grounds into an attractive area that harbors native plant and animal species and provides the public with opportunities to learn about their local environment.
CH2M HILL's primary assets are our employees and the relationships we have with clients and the communities in which we work. We are therefore committed to our staff’s well-being, our client relations, and our local communities. In this section we report our progress on:

- Workforce distribution, demographics, and diversity
- Training
- Safety
- Ethics
- Human rights
- Community partnerships

**Workforce Distribution**

The scope of this report includes the entire CH2M HILL family of companies, as shown in the total employee distribution numbers. Our business grew substantially in 2007 and 2008 through hiring and acquisitions. From a regional perspective, by the end of 2008, North American employees account for just over 80 percent of our total global staff.

Employee-ownership is the cornerstone of our company culture. It helps sustain the company by providing financial strength to achieve long-range goals, rather than focusing on quarterly earnings and the demands of outside investors. But more importantly, through a strong sense of ownership, the program fosters employee creativity, collaboration, and an unwavering focus on meeting—and exceeding—customer expectations. Today, the majority of our employees worldwide have access to ownership.
Workforce Diversity

CH2M HILL’s diversity vision is to foster fairness and respect for all employees, to value the differences and similarities in employees’ backgrounds and skills, and to maximize each individual’s potential.

Diversity statistics are available only for CH2M HILL, Inc., in the U.S. and for the board of directors. U.S. employees represent approximately 77 percent of our global staff. For many years, CH2M HILL has tracked the traditional diversity metrics of gender and race. During the past 2 years, we have begun to refine these categories, map them to employment attrition, and add age groups to our analysis. By understanding these metrics, we can more effectively attract, engage, and retain women, people of color, and individuals of many ages and life experiences.

We have several employee network groups for sharing information, ideas, experiences, and resources. These groups provide peer support, career development, and mentoring, and raise awareness through a variety of discussion groups and activities that are open to all:

- African American Professional Network
- Hispanic Employee Network
- L.I.F.E.—Leadership Inspiring Full Equality (Gay, Lesbian, Bisexual, and Transgender Employee Network)
- S.H.A.R.E. — Sharing Across Respective Ethnicities (for employees of all ethnicities to collaborate and learn from one another)
- Women’s Network

Each of these groups has a senior executive sponsor to guide and reinforce the importance of these efforts and to provide direct mentoring to staff who may not otherwise have such access to senior leadership. CH2M HILL is also actively involved with the Hispanic Engineer National Achievement Awards Corporation, the National Society of Black Engineers, the Society for Hispanic Professional Engineers, the Women’s Transportation Seminar, and the Society of Women Engineers.

Two honors bestowed on the company exemplify CH2M HILL’s commitment to employees:

- Catalyst Award. CH2M HILL’s Women’s Leadership Initiative became the first in the engineering and construction industry to receive this prestigious award, which honors innovative organizational approaches that advance women in the workplace. We received the award in 2009 on the basis of our performance in 2008.
- FORTUNE Magazine’s 100 “Best Companies to Work For” 2003, 2006, 2008, and 2009; named 6 times to “America’s Most Admired Companies”
Employee Turnover

CH2M HILL’s turnover rates are on par with other companies in our industry. Companies across the globe face challenges in attracting and retaining those in the Millennial generation and Generation X, and are facing losses of intellectual capital as Traditionalists and Baby Boomers retire. In anticipation of more of our workforce being eligible to retire, the firm launched an alumni program in 2009, which provides mentoring and work opportunities for those who are interested in working less than full time, but who still want to contribute in their areas of expertise.

# Employee Turnover by Age Group/Generation

<table>
<thead>
<tr>
<th>Percent of Turnover</th>
<th>Total 2007</th>
<th>Total 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>20% (199)</td>
<td>26% (2,460)</td>
</tr>
<tr>
<td>Total</td>
<td>23% (2,188)</td>
<td>28% (389)</td>
</tr>
<tr>
<td>Total</td>
<td>31% (332)</td>
<td>45% (590)</td>
</tr>
</tbody>
</table>

# Total Number and Rate of Employee Turnover

<table>
<thead>
<tr>
<th>Total Number and Rate</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Voluntary Loss</td>
<td>13%</td>
<td>19%</td>
</tr>
<tr>
<td>Total Involuntary Loss</td>
<td>7%</td>
<td>8%</td>
</tr>
<tr>
<td>Total Number of Employees</td>
<td>(1,144)</td>
<td>(1,227)</td>
</tr>
</tbody>
</table>

# Employee Turnover by Gender

<table>
<thead>
<tr>
<th>Gender</th>
<th>Total 2007</th>
<th>Total 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>13% (1,575)</td>
<td>13% (1,226)</td>
</tr>
<tr>
<td>Female</td>
<td>12% (1,061)</td>
<td>11% (850)</td>
</tr>
</tbody>
</table>

# Notes:

- Employees who did not report their gender in 2007 are excluded from this chart.
Incidents of Discrimination and Actions Taken

CH2M HILL offers The GuideLine, a confidential telephone and Web-based hotline, for employees to report incidents of discrimination without fear of retaliation. Employees use The GuideLine to raise concerns about business practices, safety, violations of law, and company policies. While not all calls warrant action by the company, we welcome calls from vigilant and engaged employees who care that the company does the right thing in how we treat our clients, our colleagues, and the environment.

The GuideLine received 62 calls in 2007 and 104 calls in 2008. In 2007 and 2008, about 50 percent of the calls received were related to human resources issues, such as harassment, unfair treatment, discrimination, favoritism, and nepotism. Well over half of these calls were from employees in acquired businesses that were new to CH2M HILL and had legacy human resources issues to resolve. As we continue to integrate these acquired companies and our human resources policies become more standard in the newer portions of our business, we expect these calls to decrease.

Training and Development

During the past 2 years, CH2M HILL has continued to expand its enterprise learning program, based on a corporate program that has been in place for several years. In 2008, we launched CH2M HILL University, a single point of access to hundreds of technical and professional development courses. The new e-Learning Automation Design Library is based on Microsoft SharePoint and hosts over 6,000 separate video clips that provide just-in-time learning to design engineers who use a wide variety of complex automated engineering design tools. Over 24,000 hits to the site were recorded in the first 6 months of operation. The 6,000 video clips are each less than 2 minutes in length and were authored by our senior design staff.

In addition, we have applied significant resources to develop the CH2M HILL Leadership Pipeline. These include advanced leadership and management development courses for each level of leadership in the firm. More training is now delivered via the Internet or company intranet, with over 45 percent of all learning hours completed online.

CH2M HILL also conducts regular health, safety, and environmental training. Some courses are mandated by regulation and some go beyond compliance for our employees’ benefit. Our environmental training program includes courses related to field and construction services and courses in management of stormwater, chemicals, waste, air, wetlands, and natural and cultural resources. Field project managers are required to take the CH2M HILL environmental program awareness course at a minimum, and our office employees are encouraged to take EMS awareness training. Our health and safety training program offers numerous courses ranging from construction site safety to ergonomics and behavior-based loss prevention.

Total Employee Training Hours Through Corporate Learning and Development Programs

<table>
<thead>
<tr>
<th>Year</th>
<th>Health and Safety</th>
<th>Technology</th>
<th>Employee Development</th>
<th>Management/Leadership Development</th>
<th>EPC and Project Delivery</th>
<th>Business Development</th>
<th>Total Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>179,075</td>
</tr>
<tr>
<td>2007</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>122,475</td>
</tr>
<tr>
<td>2006</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>147,454</td>
</tr>
<tr>
<td>2005</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>119,996</td>
</tr>
</tbody>
</table>

Notes:
- Employee Development includes such courses as time management, career development, and communication.
- Anti-corruption training is provided as part of the “EPC and Project Delivery” training.
- Training hours shown are firmwide.
Safety

Health and Safety

CH2M HILL expects employees to protect the safety and health of themselves, their co-workers, and others in our offices and on client job sites. Our formal Health, Safety, Security, and Environment (HSSE) management system is integrated into our business and project delivery processes. Our “Target Zero” culture is found throughout all levels of CH2M HILL: everyone strives for zero injuries and illnesses, security issues, and adverse environmental impacts.

At the office level, trained office safety coordinators (OSCs) in each North American location are responsible for verifying that approximately 10 percent of the office personnel are trained in first aid, cardiopulmonary resuscitation (CPR), and the use of automated external defibrillators, which were installed in all North American offices in 2007 and 2008. OSCs also conduct severe weather drills, ensure that offices are prepared for emergency situations, and make safety information and personal protective equipment available to employees and guests.

Injury Rates

The 2008 recordable incident rate for CH2M HILL’s global family of companies was 0.87 incidents per 200,000 hours worked, nearly 42 percent lower than the U.S. industry average of 1.5 (based on the 2007 data published by the U.S. Department of Labor, Bureau of Labor Statistics for Engineering Services North American Industry Classification System (NAICS) code 541330, which includes the majority of CH2M HILL companies). CH2M HILL acquired the former VECO and Trigon companies in the fall of 2007, bringing almost 6,000 new employees into our family. The 2008 increase in the total number of recordable incidents reflects this acquisition. Our recordable incident rate in 2008 without these acquisitions would have been 0.76. We are working diligently to integrate our new colleagues into our safety culture.

The 2008 lost-time incident rate for CH2M HILL’s family of companies worldwide was 0.28 incidents per 200,000 hours worked, 60 percent lower than the U.S. industry average of 0.7. Unfortunately, in 2007 a CH2M HILL employee was fatally injured in a vehicular accident. We extend our sympathy to the family and recognize that this tragic accident underscores the importance of CH2M HILL’s ongoing efforts and commitment to safety. No CH2M HILL company had any occupational fatalities to employees or subcontractors in 2008.

CH2M HILL applies Occupational Safety and Health Administration (OSHA) standards and best safe work practices (as well as local required standards), in all countries where we do business, even though they are only required in the U.S.

Award-Winning Safety Performance

At CH2M HILL, we have a robust program that recognizes health and safety achievements at many levels and awards individuals and groups for their exemplary practices. This is exemplified by 10 projects receiving the company’s Gold Achievement Award for having gone at least 1.5 years or having attained over 1,000,000 work hours without a recordable incident—an accomplishment that truly exemplifies Target Zero.

Over the years, the National Safety Council (NSC) has recognized our dedication to safety with 19 achievement awards for attaining either a million or more work hours or one full year of work without a lost-time incident. For example, NSC has recognized CH2M HILL’s Environmental Services Business Group for attaining 2 million work hours without a lost-time incident for 2007 and 2008.

Over the past 2 years, several CH2M HILL projects have been awarded Star status under OSHA’s Voluntary Protection Program (VPP), including:

- Xcel Energy High Bridge Power Plant project in 2007
- Rio Rancho Municipal Treatment Plant awarded the New Mexico Zia VPP in 2007
- DSM Dyneema’s fifth fiber plant project (DSM DAP V) awarded the North Carolina Building Star in 2008
Ethics

Anti-Corruption Policies

Our commitment is to do business honestly and only with those who share our values; therefore, we don’t seek or attract business through corrupt means. All employees outside North America are required to participate in anti-corruption training based on Foreign Corrupt Practices Act (FCPA) guidelines. Within North America, anti-corruption training is provided as part of our contracts training for management. All employees are required to be aware of our anti-corruption policies through signing the company’s Employee Ethics & Business Conduct Principles.

CH2M HILL conducts rigorous legal, ethical, and value-based assessments as part of our standard procurement process and supply-chain risk assessment.

Our Procurement Process and Procedures Manual, as well as the Engagement of Political Consultants (Procurement Agents) Policy, requires due diligence and executive review prior to enlisting any procurement agents who may provide access or influence related to obtaining contracts, to be sure that any such agents are not engaged in corrupt practices.

In 2008, we had two calls to our GuideLine that raised concern about potential FCPA violations. Upon full investigation by CH2M HILL’s compliance investigation group, a team that operates independently of our business units, it was determined that no violation of CH2M HILL’s Transnational Corruption Policy occurred. We addressed the conduct that prompted the calls and embraced this opportunity to clarify expectations and provide additional training.

Government Participation and Lobbying

Public policy creates business opportunities and challenges that affect CH2M HILL and our clients. Our Government Affairs staff promotes the business and professional interests of CH2M HILL, its employees, and its clients at U.S. federal, state, and local levels. These professionals are responsible for managing firmwide legislative affairs, supporting business development, assisting clients, managing the company’s political action committee, and working with and leading professional societies and organizations. CH2M HILL is actively engaged in staff-level briefings and consultations in the U.S. Congress to provide insights into private-sector initiatives that address the realities of sustainability and global climate change. In addition, we regularly engage with federal organizations such as the U.S. Departments of Transportation, Energy, and Defense, and the U.S. Environmental Protection Agency.

Human Rights

At CH2M HILL, we respect human rights and look to our employees to respect and protect the rights of those who work for us. All U.S. and Canadian employees are required to sign our Employee Ethics & Business Conduct Principles agreement every 2 years; beginning in 2009, these staff will be required to sign it annually and complete a training quiz. Outside the U.S. and Canada, we make employees aware of the policy as amended in accordance with local labor laws. The policy empowers staff at all levels to report any suspected human rights violations, as well as other ethical issues.

In our business, human rights issues generally fall into three categories: safety, labor practices, and working conditions. It is our policy to avoid situations and projects where we are unable to ensure fundamental safety measures, where our labor policies are violated, where working conditions are clearly out of step with locally accepted standards, and where we are unable to bring local governmental standards to bear.

Our Employee Ethics & Business Conduct Principles include a specific clause against the practice of human trafficking. Like the U.S. government, we have adopted a zero-tolerance policy regarding contractors and employees that engage in or support human trafficking, procurement of commercial sex acts, or forced labor. Our subsidiaries and controlled affiliates are
contractually required to comply with this policy, regardless of the type of contract or location of work.

Through the company’s security organization, CH2M HILL monitors the status of countries identified by the United Nations and the U.S. Department of State as high-risk nations for human rights abuse and other improper or illegal business practices. In high-risk nations, we exercise due diligence when hiring labor through certified labor brokers, so that the individuals hired to support CH2M HILL’s projects are legally secured. CH2M HILL screens subcontractors and suppliers who provide craft and other laborers. At present, screening records are maintained at a local project level. If a project has the potential for human rights abuses, we may perform periodic inspections to review a number of issues, including but not limited to freedom to leave the job or situation without threats or repercussions, freedom from physical harm or threat thereof, acceptable living and working conditions, and employee possession of or access to their documentation.

Effective implementation of our policy depends on reinforcing our culture of integrity, training our people as they begin conducting work overseas, encouraging staff to apply their best judgment, and providing the support of anonymous reporting tools like The GuideLine.

Community Partnerships and Outreach

Corporate Philanthropy

Executing projects to improve quality of life is only part of CH2M HILL’s commitment to build and improve our communities. The other part, not seen in technical reports or engineering drawings, takes shape in the hands and hearts of our employees; we volunteer time, donate funds, and contribute in-kind gifts to support worthy causes in the communities where we live and work. During the past 2 years, the firm has donated more than $10 million to support educational, environmental, health and human service, and cultural organizations in our global communities. Based on company values and goals, CH2M HILL encourages employees to support programs promoting global responsibility, educational outreach, environmental stewardship, and local community service. Along these lines, we have sustained partnerships with organizations that provide opportunities for our employees to volunteer their expertise, including Water For People, Engineers Without Borders-USA, the Engineers Week Foundation, and the Women’s Transportation Seminar. In addition, we recognize that each of our local offices has its own unique culture, community needs, and employee interests. Through our Community Partners Program, local employee committees determine the causes and volunteer efforts that their offices support.

Marcy Schwartz
Senior Vice President, Transportation Business Group

In 2008, the Women’s Transportation Seminar (WTS) bestowed triple honors on CH2M HILL. Our firm was recognized as International Employer of the Year, employee Marcy Schwartz was named Woman of the Year, and our Seattle office received Employer of the Year for its local WTS chapter. WTS is an international organization dedicated to the advancement of women in transportation. CH2M HILL has supported WTS for many years, and dozens of our employees have served—and continue to serve—WTS at every level of the organization.

“To be recognized in this way by my peers is the highest honor I can imagine,” Marcy said. “I treasure this award as a high point in my career.”
Water For People

Helping to strengthen the civil infrastructure and social fabric of developing communities has been a cornerstone of CH2M HILL’s community outreach strategy. Partnered with Water For People, an international non-profit organization committed to increasing access to safe, locally sustainable drinking water and improving sanitation and health in developing countries, the firm is seeing the benefits of its long-term commitment, begun in 1991. In 2008, Water For People provided clean water to 91,722 people, sanitation to 92,983 people, and hygiene education to 153,843 people. As a result, thousands of individuals experience an improved quality of life, with less sickness, reduced poverty, and improved access to education. In addition to supporting efforts to achieve these outcomes, CH2M HILL improves employee morale and retention through its partnership with Water For People.

In 2007 and 2008, CH2M HILL and its employees contributed $360,000 to Water For People. These funds helped provide safe drinking water and sanitation to an estimated 12,400 people in countries such as Bolivia, India, and Malawi. Each year, employee contributions increase over the prior year, steadily multiplying the firm’s impact.

CH2M HILL’s support doesn’t stop with financial contributions. Its people provide leadership and a wide range of volunteer support. Tony Petrucci served on the Water For People-Canada board in 2007 and 2008, and long-time Water For People board member Elisa Speranza became the Water For People board president in 2009. In 2007 and 2008, five employees participated in Water For People’s World Water Corps, bringing on-the-ground technical expertise and passion to helping the organization evaluate the long-term durability of its projects. The findings? An estimated 97 percent of Water For People projects are still operational, even after 10 years of implementation.

Combined Contributions to Water For People from CH2M HILL and Our Employees

<table>
<thead>
<tr>
<th>Year</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dollars</td>
<td>250,000</td>
<td>200,000</td>
<td>150,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Dollars</td>
<td>50,000</td>
<td>50,000</td>
<td>50,000</td>
<td>50,000</td>
</tr>
<tr>
<td>Dollars</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

$228,275
Engineers Without Borders-USA

The firm and its employees have also served with Engineers Without Borders-USA (EWB-USA). Employee volunteers work with EWB-USA to improve the quality of life in developing communities by building sustainable infrastructure and providing learning and professional development opportunities for engineering students and professionals.

The firm’s internal network of EWB-USA employee volunteers grew from 52 in 2007 to 85 in 2008, with new employees joining each month. These passionate professionals are drawn to the opportunity to use their skills to bring electricity, water, or much-needed roads and bridges to developing communities, thereby making a huge difference in people’s lives. In 2007 and 2008, CH2M HILL employees served an estimated 10,000 people through their volunteer project work.

CH2M HILL also serves as a founding sponsor of the organization, providing significant financial sponsorships and an employee grant program to assist employees with travel- and project-related expenses. In 2007 and 2008, the firm contributed a total of $90,000 to EWB-USA and its mission.

One Engineer Without Borders: Service, Education, and Technical Excellence

Mike Paddock has been to Guatemala more than 17 times to work on EWB-USA projects. He teaches senior design at Marquette University, and his students also get involved.

“Working with students on the design and construction of projects is very rewarding,” said Mike. “I am able to help those less fortunate with my engineering skills. Even though the projects are much smaller than those I work on in the states, the impact can be even greater. You can’t help but feel a connection when you work side by side with the community members and get to know their families.”

Mike said working on EWB-USA projects has also made him a better engineer. “You have to take sustainability very seriously when designing a project in a community that has few resources. You have to think about sustainability during each step of the project’s development. This core value and thought process is something I now bring to all my projects, no matter where they are located.”
Economy

While people have been harvesting the resources of the natural environment since the dawn of humankind, we are just beginning to recognize that “ecosystem services” have a quantifiable value. The growing focus on sustainability is reshaping our understanding of economics, revealing how value flows between natural systems and humanmade infrastructure, describing new opportunities for business, and redefining how value is measured.

CH2M HILL’s work encounters all of these changes. We are helping cities factor the value of natural resources into master planning—building in sustainability from the ground up. For industrial clients, we are looking at environmental liabilities with fresh eyes and finding exciting solutions that support the environment, the social fabric, and the bottom line. And, we are also helping clients develop new ways to convert waste into marketable products and energy.
City of Damascus Values its Natural Resources
City of Damascus
Damascus, Oregon, USA

How does a city plan for expansion, retain its rural environment, and provide needed public services? By focusing on protecting the public services already provided by its natural resources. CH2M HILL helped the City of Damascus identify and value these ecosystem services. Now the city has an important tool for evaluating expansion options without sacrificing its natural resources.

For Damascus, incorporated in 2004, sustainability means striking a balance between preserving natural capital and ecological services and providing public facilities and services to support development and expansion. This rural, forested, and agriculturally rich city covers over 4,144 hectares (16 square miles) and has many diverse, natural resources the 10,000 residents value for their scenic beauty and for their contributions to the area’s biodiversity, clean water, clean air, and rural character.

With the city’s population expected to grow to 60,000 people, responsible and sustainable land development decisions need to focus on preserving public services such as flood control, water quality protection, erosion control, and carbon sequestration provided by existing natural resources.

In collaboration with the city’s planners, CH2M HILL’s ecosystem service experts developed a high-level methodology to identify, assess, and quantify natural resource ecosystem services. The next step is to integrate ecosystem service valuation into decision-making processes and develop an equitable system to manage the resources, while respecting private property rights.

The resulting processes and methodology will help ensure that natural resources continue to be appropriately valued, even as the city’s population increases and factors such as climate change and pollution further influence local ecosystems. The city’s unique, long-term, and systemic approach to balancing preservation and development provides an innovative model for integrating ecosystem services into public facilities planning.

“When visionary Community Development Director Anita Yap of Damascus wanted a model approach for public facilities planning that included ecosystem services, Dave Green of CH2M HILL’s Portland office championed this unique approach to sustainable city planning. I am grateful for the opportunity to work on this ground-breaking project and impressed by the talented team who pioneered an approach to ecosystem service valuation for municipal planning.”

— Gretchen M. Honan
CH2M HILL Task Manager for the Ecosystem Service Evaluation

Mary Jo Kealy, Ph.D
Natural Resource Economist, Global Technology Group

After joining CH2M HILL 10 years ago, Mary Jo Kealy was able to put economic theory into practice. Mary Jo holds a doctorate in economics from the University of Wisconsin and heads up the company’s team of natural resource economists. They assist decision makers and public or private landowners with industry-leading techniques for managing natural resource assets.

“I believe that to maximize the value of natural resource assets you have to understand the links between ecosystems and humans,” said Mary Jo. “I do that with my team by integrating the diverse fields of science, engineering, economics, and planning.”

Damascus’s bucolic setting isn’t just another pretty place. The city’s economic vitality is tied to its natural landscape.
Featured Project

Australian Utility Identifies Ways to Increase Potable Water in Drought-stricken Region

Actew and ActewAGL
Canberra, Australian Capital Territory, Australia

Long-term drought in Australia is causing lakes to dry up and the remaining water to become increasingly salty and less suitable for crop irrigation. CH2M HILL partnered with Australian Capital Territory Energy and Water Corporation (Actew) and joint venture Actew/Australian Gas Light Company (ActewAGL) to help address this critical problem by finding new sustainable ways to manage water resources.

CH2M HILL partnered with Actew and ActewAGL to identify options for sustainably managing the City of Canberra’s water supply, including salt management in drought-affected water sources. ActewAGL is Australia’s first multi-utility to offer electricity, natural gas, water, and wastewater services. In service to this client, CH2M HILL conducted four interrelated studies and designs as part of a Total Resource Management (TRM) investigation. The team developed dynamic simulation models of the watersheds and public water utilities, pilot-tested water reuse technologies, designed a reuse and salt management treatment system, and investigated domestic salt management opportunities. The investigations identified ways for ActewAGL to:

- Add 25-50 million liters (7-13 million gallons) of potable water per day to the city’s supply, which can help sustain the city’s economy
- Lower salt contamination of the Murrumbidgee River and reduce salt load to improve agricultural water uses in the Murray Darling River Basin
- Reduce operating energy and chemical usage
- Reduce solids production and GHG emissions

CH2M HILL applied the latest sustainability tools to analyze and recommend salt management and reuse options. Sustainability was a major component of the design process, which included triple-bottom-line accounting to track the environmental, social, and economic benefits of each design option.

As a result of the investigation, the city has options to better sustain its water requirements while improving water quality for downstream agricultural use as it determines which programs to implement. This proactive approach to resource management and drought issues can also provide greater economic security for the City of Canberra and the regional farming community.

Australians are experiencing the effects of climate change first hand.

Rising temperatures are affecting not only the weather, but also citizens’ livelihoods and pocketbooks. According to the Australian Bureau of Statistics, lack of water caused rice and cotton production in 2007 and 2008 to drop by 89 and 58 percent, respectively. These severe conditions have forced more than 10,500 families to give up farming since 2001, requiring many to learn new skills and find new ways to make a living.

Bill Bellamy
Vice President and Technology Fellow, Water Business Group

“One of the pleasures of working for CH2M HILL over the last 25 years has been the company’s long-term involvement in sustainable practices,” Bill said. “In the past few years I have seen an emphasis on the complex interrelationship between water, energy, and, by extension, carbon management. As a result, my wastewater, water, reuse, and watershed clients are changing how they approach their projects.

“I continue to participate in creating, teaching, and delivering sustainable solutions because it gives me enormous personal and professional fulfillment.”
Green Hangar Reduces Energy and Costs

In 2008, the U.S. Air Force awarded the Honor Award (its highest level award) in the Sustainable Design category to the Army Aviation Support Facility at Buckley Air Force Base in Colorado, USA. That same year, the U.S. Green Building Council certified the hangar as a LEED Silver facility.

“Hangars have huge power demands and heating loads that seem to oppose LEED certification, but each discipline team member saw the opportunity to save energy and improve the work place,” said CH2M HILL’s Ed Pieterick, the architect of record for the facility.

The team used building information modeling tools to optimize structural, lighting, and HVAC systems design and to ensure sustainability goals were met while staying within the client’s construction budget. The final design uses 42 percent less energy compared to traditional designs, saving nearly US$60,000 annually.

A number of innovations, including high-efficiency heat recovery, low-energy evaporative cooling, and daylight harvesting technologies, work in tandem to achieve these savings. A state-of-the-art, Web-based monitoring and control system allows the facility manager to further maximize energy savings. Xeriscaping and using roof runoff effectively reduce water consumption for irrigation by 70 percent. Potable water consumption is cut in half through the use of ultra-low-flow showers, sinks, toilets, and waterless urinals.

Natural Surroundings for a High-Tech Corporation

Western Pennsylvania’s “Technology 21” Research Park (Tech 21), envisioned as a technology community housing a collection of “new economy” research and office facilities, is located in a hilly, wooded, environmentally sensitive greenfield. The original master plan (by a different firm) cut down the forest, chopped off hilltops, and filled in valleys, thereby erasing the area’s natural beauty. The local community opposed the plan, and it was rejected. CH2M HILL introduced a more viable approach, creating an environmentally sensitive master plan that preserved the topography and natural amenities of the site. The new scheme offered a better financial profile, because earthwork costs were significantly reduced.

When our team learned that MEDRAD, Inc., a fast-growing maker of medical devices, was seeking a Western Pennsylvania location for its new corporate headquarters, we proposed the Tech 21 Research Park in Warrendale. It provided the natural setting that MEDRAD wanted and an ideal location for MEDRAD’s sustainable facilities. With CH2M HILL’s help, MEDRAD achieved LEED Gold certification for the facility without increasing the budget. In fact, many sustainable strategies saved money. For example, we eliminated column covers and ceilings in many areas, thereby reducing material consumption.

“MEDRAD was in many ways an ideal client, fair, collaborative, and cost conscious while aware of the value that good design can bring to their culture and productivity,” said CH2M HILL’s Jeff Murray, principal designer on the project.

Completed in early 2007, the 12,000-square-meter (125,000-square-foot) headquarters building takes advantage of the rugged terrain by stepping down the hillside, with dramatic views into the existing forest. The energy-efficient design includes under-floor air supply, natural daylighting that reduces the use of artificial lighting, and open planned offices that encourage team work and collaboration.
Economic Performance

In 2008, the gross revenue of all CH2M HILL companies was US$5.6 billion, excluding joint ventures. Including prorated revenues from joint ventures, the total gross revenue in 2008 was US$6.4 billion, an increase of US$1.3 billion over the total gross revenue in 2007. Based on 2008 revenues, CH2M HILL was added to the Fortune 500 list of companies in early 2009. Information on charitable giving is contained in the Social Indicators and Forecasting section of this report.

Business Partnerships

The CH2M HILL family of companies has a long-standing commitment to fostering relationships with small businesses. We promote participation by partnering with local small business firms and providing business opportunities, training, mentoring, and other resources to help them develop and grow. We make inquiries with local chambers-of-commerce and minority, women, and small business professional organizations to increase the number of small businesses in our supplier database. Numbers and percentages fluctuate from year to year because of our acquisition of other companies, the nature and amount of work that can be subcontracted, and the fact that some businesses “grow up” and no longer qualify as small businesses according to the U.S. Small Business Administration definition. Overall, CH2M HILL pursues
subcontracting opportunities with small, disadvantaged, minority, veteran-owned, and woman-owned enterprises for our commercial, industrial, U.S. federal, and municipal contracts.

Taking Our Small Business Philosophy Overseas

The pursuit of subcontracting opportunities with small businesses isn’t limited to our work in North America. While participating in the Sri Lanka Tsunami Reconstruction Program, profiled in our 2007 Sustainability Report, we worked very closely with approximately 10 small Sri Lankan businesses. Over the 5 years of the program, during which we built nine buildings and three fishing harbors and designed one bridge, we helped these local businesses develop better accounting systems to do U.S. federal work through the U.S. Agency for International Development, and we trained over 500 local construction workers in health and safety and quality construction practices.

In Korea, we are mentoring a Virginia-based small business that is involved in our U.S. Army garrison consolidation and relocation program. During the proposal process, we reached out to a disabled-veteran-owned small business—Crystal Management Consulting, a new communications and intelligence consulting firm we met while working on the Post 9-11 Pentagon renovation program. When asked to join us in Korea as part of our mentor-protégée program, Crystal enthusiastically accepted. Crystal’s contributions to the garrison relocation are critical for the program’s success—and our mentoring is in turn paving the way for this small firm’s success.

Subcontractor Spending

<table>
<thead>
<tr>
<th>Year</th>
<th>Total CH2M HILL Subcontractor Spending</th>
<th>Other Subcontractors</th>
<th>Small Business</th>
<th>Minority</th>
<th>Woman</th>
<th>Veterans</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>$1.3B</td>
<td>33.8%</td>
<td>4.6%</td>
<td>1.8%</td>
<td>19%</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>$1.5B</td>
<td>7.6%</td>
<td>1.8%</td>
<td>4.4%</td>
<td>4.6%</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>$2.8B</td>
<td>7.9%</td>
<td>3.8%</td>
<td>4.3%</td>
<td>1%</td>
<td></td>
</tr>
</tbody>
</table>

Sharing the Wealth:

CH2M HILL has been recognized for our commitment and contributions to the small business community

Our recent awards include:

- Greater Los Angeles African American Chamber of Commerce Engineering Company of the Year (February 2009): For demonstrating the highest level of responsiveness to the African American and small business community
- U.S. Department of Defense’s Prime Contractor Subcontracting Award for Subcontracting Excellence with Service-Disabled Veteran-Owned Small Businesses (November 2008): Recognizing our utilization of veteran-owned businesses with service connected disabilities in support of our DoD contracts
- Pacific Gas and Electric’s (PG&E’s) Supplier Diversity Leader Award (December 2007): Recognizing our contribution to PG&E’s long-standing Supplier Diversity Initiative
- U.S. Department of State, Small Business Subcontracting Award (September 2007): For achieving Small Business Subcontracting Goals in fiscal year 2006
- SBA’s Dwight D. Eisenhower Award (April 2007): Representing the SBA’s highest honor for large companies that use small businesses as suppliers and subcontractors
Summary of CH2M HILL Sustainability Performance Indicators
GRI Indicators and Additional, Industry-Specific Measures Tracked by CH2M HILL

<table>
<thead>
<tr>
<th>GRI No.</th>
<th>Indicator</th>
<th>Progress to 2008</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>EN1</td>
<td>Materials used by weight or volume</td>
<td>We achieved 30% reduction in per-person paper use. Reams per person: 19.4 → 13.4; Tonnes (tons) of paper: 14.4 → 10.1; Reams per person: 14.4 → 10.1; Tonnes (tons) of paper: 14.4 → 10.1</td>
<td>14</td>
</tr>
<tr>
<td>EN2</td>
<td>Percentage of materials used that are recycled input materials</td>
<td>Paper purchased with recycled content: 63% → 70%; Tonnes (tons) of recycled fiber: 14.4 → 10.1; Reams per person: 14.4 → 10.1; Tonnes (tons) of paper: 14.4 → 10.1</td>
<td>14</td>
</tr>
<tr>
<td>EN4</td>
<td>Indirect energy consumption by primary source</td>
<td>Electricity consumed at headquarters campus in GJ (MWH): 29.129 → 27.806; Reams per person: 14.4 → 10.1; Tonnes (tons) of paper: 14.4 → 10.1</td>
<td>16</td>
</tr>
<tr>
<td>EN5 &amp; EN7</td>
<td>Energy saved due to conservation and efficiency improvements, and initiatives to reduce indirect energy consumption</td>
<td>Facility improvements were installed at the headquarters campus in November 2008. Future energy consumption is expected to decline.</td>
<td>16</td>
</tr>
<tr>
<td>EN16 &amp; EN17</td>
<td>Total direct and indirect greenhouse gas emissions; and other relevant indirect greenhouse gas emissions</td>
<td>Tonnes (tons) of CO₂ equivalent produced at headquarters campus: 9,292 → 7,100; Reams per person: 14.4 → 10.1; Tonnes (tons) of paper: 14.4 → 10.1</td>
<td>16</td>
</tr>
<tr>
<td>EN18</td>
<td>Initiatives to reduce greenhouse gas emissions</td>
<td>We purchased renewable energy credits equivalent to 15% of total North American Facilities energy use in 2008; Renewable energy purchased at the headquarters campus in GJ (MWH): 9,292 → 7,100; Reams per person: 14.4 → 10.1; Tonnes (tons) of paper: 14.4 → 10.1</td>
<td>16-17</td>
</tr>
<tr>
<td>EN23</td>
<td>Total number and volume of significant spills</td>
<td>Number of environmental spills: 60 → 40; Reams per person: 14.4 → 10.1; Tonnes (tons) of paper: 14.4 → 10.1</td>
<td>18</td>
</tr>
<tr>
<td>EN28</td>
<td>Compliance with environmental laws and regulations</td>
<td>We had a total of $4,560 in environmental fines, compared to 2008 gross revenue of US$5.6 billion; Reams per person: 14.4 → 10.1; Tonnes (tons) of paper: 14.4 → 10.1</td>
<td>18</td>
</tr>
<tr>
<td>EN29</td>
<td>Significant environmental impacts of transporting products and other goods, and transporting members of the workforce</td>
<td>Baseline study of business travel was performed in 2008; a target has been set to reduce carbon impacts from discretionary travel by 50% in 2009; Reams per person: 14.4 → 10.1; Tonnes (tons) of paper: 14.4 → 10.1</td>
<td>17</td>
</tr>
<tr>
<td>CH2M HILL</td>
<td>Environmental management of our internal operations and projects</td>
<td>EMS Programs in North America, Australia, and Spain; Reams per person: 14.4 → 10.1; Tonnes (tons) of paper: 14.4 → 10.1</td>
<td>13</td>
</tr>
<tr>
<td>CH2M HILL</td>
<td>Recycling a wide variety of materials, including electronic waste</td>
<td>Recycling/reuse programs available in 97% of North American offices; Tonnes (tons) of electronic waste recycled: 30 → 30; Reams per person: 14.4 → 10.1; Tonnes (tons) of paper: 14.4 → 10.1</td>
<td>15</td>
</tr>
<tr>
<td>CH2M HILL</td>
<td>Expanding relationships with environmental vendors through green contracting and purchasing</td>
<td>Millions of U.S. dollars spent with vendors who have environmental programs: $4.9 → $29.9; Reams per person: 14.4 → 10.1; Tonnes (tons) of paper: 14.4 → 10.1</td>
<td>16</td>
</tr>
<tr>
<td>HR2, HR6, &amp; HR7</td>
<td>Human rights screening on suppliers and contractors; operations identified as having significant risk for incidents of child labor violations; and operations identified as having significant risk for incidents of forced or compulsory labor</td>
<td>Through its security organization, CH2M HILL monitors the status of countries identified by the United Nations and the U.S. State Department as high-risk nations for human rights abuse and other improper or illegal business practices. Our Employee Ethics &amp; Business Conduct Principles include a specific clause against the practice of human trafficking.</td>
<td>28-29</td>
</tr>
<tr>
<td>HR3</td>
<td>Human rights training for employees</td>
<td>All CH2M HILL employees, worldwide, are required to re-sign our Employee Ethics &amp; Business Conduct Principles every 2 years. The policy empowers staff at all levels to report any suspected human rights violations.</td>
<td>28-29</td>
</tr>
<tr>
<td>HR4</td>
<td>Incidents of discrimination and actions taken</td>
<td>About 50% of calls received on our confidential hotline in 2007-2008 were related to human resources issues; All incidents were investigated; well over half were from newly acquired companies not yet integrated into our company culture.</td>
<td>26</td>
</tr>
<tr>
<td>LA1</td>
<td>Total workforce by employment type, employment contract, and region</td>
<td>Nearly 80% of our workforce is in North America; Total number of employees: 18,267 → 22,866; Reams per person: 14.4 → 10.1; Tonnes (tons) of paper: 14.4 → 10.1</td>
<td>23</td>
</tr>
<tr>
<td>LA2</td>
<td>Employee turnover rates by region and according to indicators of diversity</td>
<td>Total number and rate of turnover: 3,356 → 6,077; Reams per person: 14.4 → 10.1; Tonnes (tons) of paper: 14.4 → 10.1</td>
<td>25</td>
</tr>
<tr>
<td>LA6</td>
<td>Workforce representation in health and safety committees</td>
<td>All employees are empowered and expected to provide feedback on the health and safety program. Trained Office Safety Coordinators in each North American office are responsible for verifying that approximately 10 percent of office personnel are trained in frontline safety measures.</td>
<td>27</td>
</tr>
<tr>
<td>LA7</td>
<td>Injury rates</td>
<td>Incident rate per 200,000 hours worked: 1.32 0.87</td>
<td>27</td>
</tr>
<tr>
<td>LA10</td>
<td>Employee training</td>
<td>Hours of training per employee, per year: 6.56 7.83</td>
<td>26</td>
</tr>
<tr>
<td>LA11</td>
<td>Programs for skills management and lifelong learning</td>
<td>We launched CH2M HILL University in 2008, giving employees one point of access to hundreds of technical and professional development courses.</td>
<td>26</td>
</tr>
<tr>
<td>LA13</td>
<td>Composition of employees according to indicators of diversity</td>
<td>Percent of workforce represented by minority groups (non-white, non-Caucasian): 17.9% 17.4%</td>
<td>24</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Percent of women in the workforce: 26.5% 26.2%</td>
<td></td>
</tr>
<tr>
<td>SO2</td>
<td>Business units analyzed for risks related to corruption.</td>
<td>CH2M HILL offers a confidential hotline for incidents of discrimination, corruption, or ethics violations called The GuideLine. We use these reports to monitor and respond to potential corruption incidents.</td>
<td>28</td>
</tr>
<tr>
<td>SO3</td>
<td>Training for employees in anti-corruption policies and procedures.</td>
<td>Outside North America, all employees are required to participate in anti-corruption training. Within North America: anti-corruption training is provided as part of our contracts training for management.</td>
<td>26, 28</td>
</tr>
<tr>
<td>SO4</td>
<td>Actions taken in response to incidents of corruption.</td>
<td>Reports to The GuideLine are investigated by CH2M HILL's compliance investigation group, a team that operates independently of our business groups. No incidents of corruption were found.</td>
<td>28</td>
</tr>
<tr>
<td>SO5</td>
<td>Participation in public policy development and lobbying</td>
<td>Our Governmental Affairs staff promotes the business and professional interests of CH2M HILL, its employees, and its clients at federal, state, and local levels.</td>
<td>28</td>
</tr>
<tr>
<td>EC1</td>
<td>Economic value distributed, including donations and other community investments</td>
<td>Philanthropic contributions through corporate giving (million U.S. dollars): $2.7 5.7 $190,275</td>
<td>29-31</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Contributions to Water For People by CH2M HILL and its employees (U.S. dollars): $39,350</td>
<td></td>
</tr>
<tr>
<td>EC1</td>
<td>Economic value generated and distributed, including revenues, operating costs, employee compensation, retained earnings, and payments to capital providers and governments.</td>
<td>Gross revenue (billion U.S. dollars): $3.8 6.4</td>
<td>36</td>
</tr>
<tr>
<td>EC6</td>
<td>Policy, practices, and proportion of spending on locally-based suppliers</td>
<td>Percent of subcontractor spending with small or minority-owned businesses: 51.4% 28.1%</td>
<td>36-37</td>
</tr>
<tr>
<td>EC9</td>
<td>Understanding and describing significant indirect economic impacts</td>
<td>Total subcontractor spending (million U.S. dollars): $1.3 2.8</td>
<td>36-37</td>
</tr>
</tbody>
</table>

**U.N. Global Compact Principles**

<table>
<thead>
<tr>
<th>No.</th>
<th>Principle</th>
<th>Progress to 2008</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Businesses should support and respect the protection of internationally proclaimed human rights; and make sure that they are not complicit in human rights abuses. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced and compulsory labor; the effective abolition of child labor.</td>
<td>Human rights policies have long been a part of our business conduct. As we do more work internationally, we are bringing more focused and robust tracking systems.</td>
<td>28-29</td>
</tr>
<tr>
<td>6</td>
<td>The elimination of discrimination in respect of employment and occupation.</td>
<td>We foster fairness and respect for all employees, and value the differences and similarities in employees' backgrounds and skills. We have several employee network groups for sharing information, ideas, experiences, and resources.</td>
<td>24, 26</td>
</tr>
<tr>
<td>7</td>
<td>Businesses should support a precautionary approach to environmental challenges.</td>
<td>Addressing environmental challenges requires technical capability among CH2M HILL employees, as well as clients who wish to adopt precautionary approaches. When these factors converge on a project, the project becomes a model for best practices.</td>
<td>7-8</td>
</tr>
<tr>
<td>8</td>
<td>Undertake initiatives to promote greater responsibility.</td>
<td>We continually improve upon and expand the scope of our internal environmental management systems.</td>
<td>13</td>
</tr>
<tr>
<td>9</td>
<td>Encourage the development and diffusion of environmentally friendly technologies.</td>
<td>CH2M HILL continues to offer and develop front-running, environmentally friendly technologies implemented in partnership with our clients on projects around the world.</td>
<td>7-12</td>
</tr>
<tr>
<td>10</td>
<td>Businesses should work against all forms of corruption, including extortion and bribery.</td>
<td>We won an award from Ethisphere for our highly ethical business performance in 2008. This award follows our values.</td>
<td>26, 28</td>
</tr>
</tbody>
</table>